

ASSEMBLY BILL

No. 1745

Introduced by Assembly Member Morrell

February 14, 2014

An act to add Section 17052.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1745, as introduced, Morrell. Personal income tax: credits: charitable contributions.

The Personal Income Tax Law allows various credits against the tax imposed by that law.

This bill would allow a credit against that tax for each taxable year beginning on or after January 1, 2014, in an amount equal to the amount donated to a qualified charitable organization, as defined, not to exceed a specified amount per taxable year. This bill would require the Franchise Tax Board to certify that the organization is a qualified charitable organization and post a list of the certified qualified charitable organizations on its Internet Web site.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17052.7 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17052.7. (a) (1) For taxable years beginning on or after
- 4 January 1, 2014, there shall be allowed as a credit against the “net

1 tax,” as defined by Section 17039, an amount equal to the amount
2 donated by the taxpayer during the taxable year to a qualified
3 charitable organization, subject to paragraph (2).

4 (2) In the case of a single individual, a head of household, or a
5 married individual making a separate return, a credit allowed under
6 this section shall not exceed two hundred fifty dollars (\$250). In
7 the case of a surviving spouse, as defined in Section 17046, or a
8 married couple making a joint return, a credit allowed under this
9 section shall not exceed five hundred dollars (\$500).

10 (b) For purposes of this section, a “qualified charitable
11 organization” means an organization that meets all of the following
12 requirements:

13 (1) Is an organization that is exempt from federal income taxes
14 as an organization described in Section 501(c)(3) of the Internal
15 Revenue Code or is a designated community action agency that
16 receives community services block grant moneys pursuant to
17 Section 9901 of Title 42 of the United States Code.

18 (2) Spends at least 50 percent of its budget on services to
19 individuals in California who either receive CalWORKS benefits,
20 are low- income individuals whose household income is less than
21 150 percent of the poverty guidelines updated periodically in the
22 Federal Register by the U.S. Department of Health and Human
23 Services under the authority of 42 U.S.C. 9902(2), or are
24 chronically ill or physically disabled children.

25 (3) Demonstrates that the organization plans to continue to spend
26 at least 50 percent of its budget on services to those persons
27 described in paragraph (2).

28 (4) Applies to, and receives from, the Franchise Tax Board
29 certification that the organization meets all of the requirements of
30 paragraphs (1) to (3), inclusive.

31 (c) The Franchise Tax Board shall post on its Internet Web site
32 the names of the qualified charitable organizations.

33 (d) The Franchise Tax Board may prescribe rules, guidelines,
34 or procedures necessary or appropriate to carry out the purposes
35 of this section, including any guidelines regarding the certification
36 of qualified charitable organizations pursuant to this section.

37 (e) In the case where the credit allowed by this section exceeds
38 the “net tax,” the excess may be carried over to reduce the “net
39 tax” in the following year, and succeeding four years if necessary,
40 until the credit is exhausted.

- 1 (f) A credit allowed by this section shall be in lieu of any
- 2 charitable deduction otherwise allowed by this part.
- 3 SEC. 2. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

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